99TH CONGRESS
2d Session
HOUSE OF REPRESENTATIVES
REPORT
99-789

INCREASE IN LIMIT ON PUBLIC DEBT

AUGUST 13, 1986.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. ROSTENKOWSKI, from the Committee on Ways and Means, submitted the following

REPORT

[To accompany H.R. 5395]

The Committee on Ways and Means, to whom was referred the bill (H.R. 5395) to increase the statutory limit on the public debt, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

I. SUMMARY

H.R. 5395 provides for an increase of $73.3 billion in the public debt limit from $2,078.7 billion to $2,152.0 billion. The increase will go into effect on enactment.

The debt limit level in this bill is the amount estimated by the Secretary of the Treasury as sufficient to meet borrowing needs through September 25, 1986. The debt limit estimate is based on the Administration's current estimates of debt requirements.

II. EXPLANATION OF THE BILL

Present Law

The present permanent limit on the public debt is $2,078.7 billion, which was enacted on December 12, 1985 (P.L. 99-177), A permanent debt limit has no expiration date.

Reasons for the Bill

On June 26, 1986, the House passed H.J. Res. 668, which increases the permanent public debt limit to $2,322.8 billion, after both the House and the Senate approved S. Con. Res. 120, the budget resolution for fiscal years 1987, 1988 and 1989. S. Con. Res. 120 specified $2,322.8 billion as the level of the debt limit that

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would meet federal financial requirements through fiscal year 1987.

The Finance Committee reported H.J. Res. 668 to the Senate on July 18, 1986, with one amendment that related to investment and disinvestment of the Social Security Trust Fund. The Senate passed H.J. Res. 668, as further amended on the Senate floor, on August 9, 1986; the amendments include four tax provisions, revisions in the Gramm-Rudman-Hollings Act procedures, and about two dozen additional nontax amendments. The Senate requested a conference with the House on H.J. Res. 668, which has not yet been scheduled to meet.

At the close of business on Tuesday, August 12, 1986, Treasury's operating cash balance was $9.5 billion. Public debt outstanding subject to the limit was $2,072.8 billion, an amount only $6 billion below the statutory limit. Treasury estimates that this debt limit may be exhausted by August 15, 1986, when $15 billion in interest payments are due to $278 billion of outstanding Treasury bonds and notes. In addition, Treasury should settle on August 15 on notes and bonds auctioned on August 5, 6 and 7; the auctions involved $28 billion which would allow (a) refinancing $14.3 billion of maturing notes and bonds and (b) $13.7 billion of new cash. Furthermore, about $14 billion in debt authority is needed to carry out the monthly transfer of estimated social security trust fund receipts on September 1, 1986.

An additional $41.5 billion in debt authority is needed on September 30 and October 1 in order to invest civil service and military service retirement trust funds and make the monthly transfer of estimated receipts to the social security trust fund.

Explanation of bill

The committee approved an increase of $73.3 billion which will increase the permanent limit on the public debt to $2,152 billion. It is estimated that this increase will meet the Treasury Department's presently anticipated financial requirements through September 25, 1986.

III. Costs of Carrying Out the Bill and Vote of the Committee in Reporting the Bill

Budget Effects

In compliance with clause 7 of Rule XIII of the Rules of the House of Representatives, the following statement is made relative to the effect on the revenues of H.R. 5395, as reported.

The committee does not believe that the changes made by this bill in the debt limit will result in any revenue changes, either in the current fiscal year or in any of the 5 fiscal years following that year.

The Treasury Department agrees with this statement.

Committee Vote

In compliance with clause 2(l)(2)(B) of Rule XI of the Rules of the House of Representatives, the following statement is made relative to the vote by the committee on the motion to report the bill. The

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bill was ordered favorably reported by a vote of 22 ayes and 10 nays.

IV. Other Matters Required To Be Discussed Under House Rules

In compliance with clauses 2(l)(3) and 2(l)(4) of Rule XI of the Rules of the House of Representatives, the following statements are made with respect to committee's action on H.R. 5395, as reported.

Oversight Findings

With regard to subdivision (A) of clause (2)(3), the committee advises that its hearings led to the conclusion that an increase in the public debt limit is required at the present time because the statutory limitation in present law will be insufficient after August 14, 1986, to refund outstanding debt as it matures and to make payments for interest on public debt and other authorized government operations from the general fund in the Treasury Department.

New Budget Authority and Tax Expenditures

In compliance with subdivision (B) of clause 2(l)(3), the committee states that the changes made by the bill provide no new budget authority and no new increased tax expenditures.

Consultation with Congressional Budget Office on Budget Estimates

With respect to subdivision (C) of clause 2(l)(3), the committee advises that no estimate has been prepared by the Director of the Congressional Budget Office relative to the provisions of H.R. 5395.

Oversight by Committee on Government Relations

With respect to subdivision (D) of clause 2(l)(3), the committee advises that no oversight findings or recommendations have been submitted to the committee by the Committee on Government Operations regarding the subject matter of the committee bill.

Inflationary Impact

In compliance with clause 2(l)(4) of Rule XI, the committee states that the debt limitation change is not expected to have an inflationary impact on prices and costs in the operation of the national economy.

V. Changes in Existing Law Made by the Bill, as Reported

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed, is shown in roman):

Section 3101 of Title 31, United States Code

§ 3101. Public debt limit

(a) In this section, the current redemption value of an obligation issued on a discount basis and redeemable before maturity at the

option of its holder is deemed to be the face amount of the obligation.

(b) The face amount of obligations issued under this chapter and the face amount of obligations whose principal and interest are guaranteed by the United States Government (except guaranteed obligations held by the Secretary of the Treasury [may not be more than $1,847,800,000,000, or $2,078,700,000,000 on and after October 1, 1983, outstanding at one time] *may not be more than $2,152,000,000,000 outstanding at one time,* subject to changes periodically made in that amount as provided by law through the congressional budget process described in Rule XLIX of the Rules of the House or Representatives or otherwise.

(c) The face amount of beneficial interests and participations (except those held by their issuer) issued under section 302(c) of the National Housing Act (12 U.S.C. 1717(c)) from July 1, 1967, through June 30, 1968, and outstanding at any time shall be included in the amount taken into account in deciding whether the face amount requirement of subsection (b) of this section has been exceeded. This subsection does not require a change in the budgetary accounting for beneficial interests and participations.

PUBLIC LAW 99–177

JOINT RESOLUTION Increasing the statutory limit on the public debt

[*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That subsection (b) of section 3101 of title 31, United States Code, is amended by striking out the dollar limitation contained in such subsection and inserting in lieu thereof "$1,847,800,000,000, or $2,078,700,000,000 on and after October 1, 1985,"]

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